PROCESSING W-2'S & 1099-R'S (PR-PER-6)

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VERSION (5.0)

PROCESSING W-2’S & 1099-R’S

OVERVIEW

Each year entities that pay employees and withhold payroll taxes are required to submit W-2’s and other associated reports to federal, state, and local governments.

W-2’s can be produced in MUNIS for all employees paid through the system. Each year the MUNIS W-2 program is updated to include changes to W-2 reporting requirements mandated by the Federal Government.

This document provides information to assist in:

1. Preparing for W-2 Processing
2. Producing W-2's
3. Submitting W-2 Federal and State Magnetic Media Files
4. Submitting Transmitter Report 6559(Only if the school district is submitting a tape/cartridge.)

CHECKLIST FOR PROCESSING W-2'S

1. Prepare for W-2 processing.

- [ ] Order W-2 and 1099 Forms.
- Request from the Social Security Administration and the Kentucky Revenue Cabinet, separate PIN/Passwords if the files are going to be submitted through electronic filing using the MMREF-1 format. Request the PIN/Password from the Revenue Cabinet if filing using either a disc or electronic filing. (See MAGNETIC MEDIA REPORTING AND ELECTRONIC FILING for SSA. See Specifications for Electronic Submission of Annual Wage and Tax Information via Magnetic Media or FTP found on the Kentucky Revenue Cabinet web site.)
- [ ] Verify the State Code and W-2 Codes.
- [ ] Review Payroll Accumulator Data.

2. Prepare for W-2 processing.

- [ ] Create the MUNIS W-2 Table.
- [ ] Print two W-2 and 1099-R Registers, one for Medicare only employees and another for all employees.
- [ ] Update Employee Data in W-2 + 1099-R Maintenance Table.
- [ ] Review Changes to Employee Data.
- [ ] Prepare Printer for W-2 Printing.
- [ ] Print W-2 Forms.

3. Produce W-2 Magnetic Media Files.

- [ ] Create Federal and State Magnetic Media Files.
- [ ] Complete Form 6559 Transmitter Report if using a tape/cartridge for the SSA
- Complete Form 42A806 Transmitter Report if filing Kentucky Wage Statements if using a disk and not the FTP file.
- FTP the Magnetic Media Files to a harddrive for transmittal.

PREPARING FOR W-2 PROCESSING

Ordering W-2 and 1099 Forms

The following forms are supported by the MUNIS application for reporting wages:

NOTE: ***After receiving W-2 forms, it is STRONGLY recommended that the district perform a test print to verify that the forms match a predefined MUNIS form. Please refer to the section entitled "Printing W-2 Forms" for assistance in testing the forms.***

Verifying the State Code and W-2 Codes

The district **State Code** must be entered in the *State Code Table* before printing W-2's. Deduction/Benefits and Pay Types must be assigned to the appropriate W-2 Box, as designated by the Federal Government. Refer to the document entitled ***Setting Up W-2's & 1099-R's (PR-ADM-8)*** in the ***Payroll/Personnel Auxiliary Programs*** section for instructions on verifying these codes.

NOTE: ***All questions concerning the appropriateness of W-2 codes should be directed to the appropriate federal, state, or local contact.***

Reviewing Payroll Accumulator Data

Employee payroll accumulators should be reviewed and adjusted before starting W-2 processing. Refer to the document entitled ***Reviewing Employee Accumulators Review (PR-PER-2)*** in the ***Periodic Payroll/Personnel Processing*** section for instructions on reviewing/adjusting employee accumulators.

Another form of reviewing accumulator data is through the use of the **Kentucky Earnings Report**. The ***Kentucky Earnings Report*** would be best used to research discrepancies for individual employees found during the Accumulator Data review process mentioned above. Refer to the document entitled ***Kentucky Earnings Report (PR-STW-6)*** for more information on running the ***Kentucky Earnings Report***.

PRODUCING W-2's

Creating W-2's

Run the "**Create W-2 + 1099-R Tables**" process. This process:

- Places employee W-2 information into a file that may be maintained separate from the MUNIS payroll process.
- Combines employee records from the MUNIS Payroll System with multiple Employee Numbers into a single W-2 record by Social Security Number.
- Combines amounts for employees having either FICA Deductions (1000 and 1001) and/or Medicare Deductions (1100 and 1101) into the appropriate FICA and Medicare fields for W-2 processing.

NOTE: ***The "Create W-2" process may be rerun if necessary. However, recreating W-2's will remove all previously created records, including any records that have been modified.***

To Create W-2's in MUNIS, Select:

B) PAYROLL & PERSONNEL
- D) End of Period Functions
  - A) End of Period Processing
    - F) W-2 + 1099-R Processing Menu
      - A) Create W-2 + 1099-R Tables

1. The following screen is displayed: Select **Define** and set the appropriate parameters on the definition screen.

NOTE: ***Use the defaults for the Election Workers fields.***

NOTE: ***Accurate information on this screen is critical for creating W-2's.***

2. Select **Create** to complete this processing.

Updating Employee W-2 Records

If necessary, run the "**W-2 + 1099-R Maintenance**" process to view and update individual employees. Changes made through this process affect **ONLY** the **W-2 or 1099-R** files and will not update the ***Employee Master File*** or the ***Payroll Accumulator File***.

NOTE 1: ***It is recommended that changes to Accumulators be made to the Payroll Accumulator File. After making changes to the Accumulator File, update the W-2 File by running the "Create W-2" program. Recreating the W-2 file will remove any modifications made using "W-2 + 1099-R Maintenance".***

NOTE 2: ***Employees with one or two Local Taxes (i.e., City and County) will have multiple "W-2 + 1099-R Maintenance" records. These will be combined into a single W-2 form. Employees with more than two Local Taxes will have multiple "W-2 + 1099-R Maintenance" records and multiple W-2 forms.***

To Update Employee W-2 Records, Select:

B) PAYROLL & PERSONNEL
- D) End of Period Functions
  - A) End of Period Processing
    - F) W-2 + 1099-R Processing Menu
      - B) W-2 + 1099-R Maintenance

1) The following screen is displayed: Select **Define** from the Ring Menu.

2) Change default values as necessary and press **ESC**.

The following screen is displayed:

select **Find** from the Ring Menu. Enter the criteria to select employees and press **ESC**.

3. Select **Update** to make adjustments to an employee's record. Select **2scr** to see the remainder of the record.

Reviewing Changes To Employee W-2 Records

All changes made to W-2 records from the ***W-2 + 1099-R Maintenance*** process are recorded in the MUNIS ***Employee Audit File***. Changes to employee W-2 records can be verified before printing the W-2 forms.

To Review Changes to Employee W-2 Records, Select:

B) PAYROLL & PERSONNEL

B) Employee Maintenance & Reports

G) Employee Detail History

1. Select **Find** from the Ring Menu.
2. Enter the necessary criteria to display selected employee records and press **ESC,** or press **ESC** without entering any information to locate all employees.
3. Select **Detail**.
4. Enter **4** (Employee Change Audit) in the **Option** field.

   A summary line of information about every change made to the employee record, including changes made to W-2 record(s), is displayed. Audits with a file "**premplw2**" refer to changes made to the ***Employee W-2 Table***.

5. To view complete detail of a specific change, select the **Summary Line number**.

Printing W-2 + 1099-R Registers

The **W-2 + 1099-R Register** is a listing of the information generated by the "**Create W-2 + 1099-R Tables**" process. This report is a preview of information that will be printed on the W-2 Forms. Use this report to reconcile to 941's, Payroll Warrants, or other MUNIS reports. Once the W-2s are reconciled, three copies of the W-2 registers will be needed for record keeping and filling out the Transmitter Report (Form 6559) if filing using tapes/cartridges.

Copy #1 will consist of employee totals and grand totals at the end of the report. This copy will be kept for district records.

Copy #2 will consist of Grand Totals on employees that pay Medicare only also called MQGE employees. This copy will be used in completing the Transmitter Report (Form 6559).

Copy #3 will consist of Grand Totals on all employees. This copy will also be used to complete the Transmitter Report if using tapes/cartridges (Form 6559 and Form 42A806).

To Print a W-2+1099 Register, Select:

B) PAYROLL & PERSONNEL
    D) End of Period Functions
        A) End of Period Processing
            F) W-2 + 1099-R Processing Menu
                C) W-2 + 1099-R Register

The following screen is displayed:_

1. Select **Define** from the Ring Menu.

1. Enter the following report options:

<table>
<tr><th>In the Report Option Field</th><th colspan="2">Enter</th></tr>
<tr><td>W-2 / 1099-R Year</td><td colspan="2">Reporting year</td></tr>
<tr><td>Report Type</td><td colspan="2">1 (W-2)</td></tr>
<tr><td>Subtotal Method</td><td>Select
N
P
W</td><td>To print subtotals by
None
Primary Location
Work Location</td></tr>
<tr><td>Totals Only</td><td colspan="2">Copy #1 – select N
Copy #2 – select Y
Copy #3 – select Y
Yes will produce a report that shows totals only on Wages and Withholdings with no employee information.
No will produce a report that shows employee totals and grand totals on Wages and Withholdings.</td></tr>
<tr><td>Medicare Only</td><td colspan="2">Copy #1 – select N</td></tr>
</table>

	Copy #2 – select **Y** **Copy #3** – select **N** **Y** (to process MQGE employees only)

3. The W-2 Register listing can be narrowed based on ranges of:

    - Location (primary)
    - Work Location
    - Employee Number

NOTE: ***When printing the W-2 Register for all employees in the district, ensure that the Employee Number Range entered in the Selection Criteria is 0 to 999999.***

- State or Local Income Tax Codes.

4. Press **ESC** to select employees based on the above definition.
5. Write down the number of employees found that displays at the bottom of the screen. This number can be entered on the first line "**Number of Forms W-2**" of **Transmitter Report – Form 6559 if using tape/cartridge for media submission**. Mark the number as the number of Medicare only employees or the total number of employees.
6. Select **Output** and **Display, Spool** or **Print** the report.

    A sample (Summary and Subtotals by Primary Location) of the ***W-2 Register*** is attached as *Appendix A*.
7. Repeat steps 1-6 for all three copies of the W-2 registers, changing the appropriate fields as necessary.

A sample (Summary and Subtotals by Primary Location) of the ***W-2 Register*** is attached as *Appendix A*.

Preparing the Printer for W-2 Printing

All Printers

Load your printer as you would for wide carriage green and white computer paper except for the following changes: Pay particular attention to the alignment of the tractor feed pins to the holes on the forms. Ensure that the pins are dead center in the holes. The best way to achieve this is to release the right side tractor and load the form. Once the form is inserted and the tractor flaps closed, snug the form by putting ***SLIGHT*** tension on the right tractor and locking it into place. ***Do not pull too hard!!*** You only want to get the slack out of the form. If you over-tighten the form, the printer will jam.

Genicom Model 48XX :

Located on the inside left hand side of the printer is the **Print Gap Adjustment Wheel** and **Paper Thickness Adjustment Lever.** If you are unfamiliar with these features, refer to the printer user manual. Place the **Print Gap Adjustment Wheel** between 4 and 6 (on the white scale). Place the **Paper Thickness Adjustment Lever** approximately midpoint. This should give you good results with 4 - 6 part forms.

Dataproducts Model 8524:

Located on the right side of the printer is the **Paper Thickness Adjustment Lever**. Set this lever to 5.

The **Default TOF** (Top of Form) setting should be set at 14/60".

To adjust the setting:

1. Turn printer off.
2. Hold down setup key and turn back on.
3. Continue to hold down the setup key until the LCD lists EXTENDED SETUP.
4. Go to option #7 TOF ADJUST
    a) Arrow through until you reach 14/60"
    b) Press enter to place asterisk beside 14/60"
    c) Press exit/setup key
    d) LCD will ask you to reset
    e) Press reset (red) button

After W-2 processing is completed, adjust the printer setting back to 24/60".

OTC Euroline:

Located on the inside right hand side of the printer is the **Platen Adjustment Lever**. Set this lever to between 55 and 60.

Mannesmann Tally:

The Mannesman Tally has a automatic printhead adjustment feature which is enabled by default. Just load your forms according to the above instructions. No further adjustments are required.

Printing W-2 Forms

The ***W-2 Forms Print*** program is used to print W-2's. A test print of the W-2 Form should be produced to verify that forms purchased by the district match a predefined MUNIS form.

NOTE: ***Before printing W-2s, verify that the correct State ID Code appears in the State Code Table. This code will be printed on every W-2 and MUST be correct! Refer to the document entitled Setting Up W-2's & 1099'Rs for assistance in verifying this code.***

To Print W-2's or To Perform a Test Print, Select:

B) PAYROLL & PERSONNEL
- D) End of Period Functions
  - A) End of Period Processing
    - F) W-2 + 1099-R Processing Menu
      - F) W-2 Forms Print

The following screen is displayed:

1. Select **Define** from the Ring Menu and enter the appropriate details for printing.
   i. Select the **W-2 Form Number** that corresponds to the form purchased by the district. Press F9 or <CTRL><W> to view a listing of appropriate forms.
   ii. Enter **1** (State ID #1) in the **State Option** field.
   iii. Ranges of employees can be printed using the following criteria:
      - Location (Primary)
      - Work Location
      - Employee Number
      - Name

NOTE: ***When printing W-2 Forms for ALL employees in the district, ensure that the Employee Number Range entered in the Selection Criteria is 0 to 999999.***

2. Press **ESC**.

NOTE: ***When performing a test print of the W-2 form, the message "No W-2's Selected to Print" may be ignored.***

3. Select **Align**. This prints a sample alignment pattern on the W-2 form and is used to verify both the form and alignment of the form in the printer. **Do not omit this step**.

4. Select **Output** and **Print** the forms. (This step is not necessary when performing a test print of the W-2 forms.)

NOTE: ***Multiple W-2 forms will be printed for an employee in the MUNIS Payroll System having multiple employee numbers that have not been combined into a single W-2 record during the "Create W-2" process.***

PRODUCING W-2 MAGNETIC MEDIA FILES

Creating Federal And State Magnetic Media Files

The Federal Government requires that all entities issuing W-2's in excess of a defined threshold (250 or more forms) submit W-2 information on Magnetic Media. The Social Security Administration Office of Systems Requirements issued to all employers, a copy of Magnetic Media Reporting and Electronic Filing for Tax Year 2001 (MMREF-1) in May 2001. This document provides specific instructions for filing the magnetic media files. Pages 81 through 93 document the methods for filing using the Online Wage Reporting Service or Diskette Filing.

To Create a Magnetic Media File in MUNIS, Select:

B) PAYROLL & PERSONNEL
- D) End of Period Functions
  - A) End of Period Processing
    - F) W-2 + 1099-R Processing Menu
      - H) Create Magnetic Media

The following screen is displayed:

1. Select **Define** from the Ring Menu and enter the appropriate details for reporting.
2. The following are **important fields**. The description and valid entry for each are given in the table below.

NOTE: ***The Magnetic Media format for the Federal Government is different from that of the State of Kentucky. Instructions to produce these different Magnetic Media formats are given below.***

To produce W-2 Magnetic Media for the Federal Government: **Field Name**	**Description**	**Valid Entry**
format Code	Defines the format of the Federal Magnetic Media file.	Enter **FDWM** for *Federal W-2k*. This will produce a format acceptable to the Federal Government.
Output File	Magnetic media file to be created.	Enter the file name: **W2REPORT**

Computer Manufacturer		Optional (e.g., IBM, HP).
CR/LF at end of record?	Inserts carriage return/ line feed at end of record.	Enter **Y** or **N**.
Section 457 def-com plan?	If the district has a non-qualified deferred comp plan, identify whether or not it is a section 457.	Enter **Y** or **N**.
Combined Federal/State 1099		Use the default of **'N'.**
Replacement 1099 Code		Use the default.
<u>Selection Criteria:</u>		
Location	Range of Location Codes (Primary locations).	To include all locations, leave the first field blank and enter Z's in the second field.
Work Loc	Range of Work Location Codes.	To include all work locations, leave the first field blank and enter Z's in the second field.

<u>To produce W-2 Magnetic Media for the State of Kentucky:</u>

Field Name	Description	Valid Entry
Format Code	Defines the format of the State of Kentucky Magnetic Media file.	Enter **SGWM** for *State General W-2 FTP*. Enter **SGWM** for *State General W-2 Disk*. Enter **SGWM** for *State General W-2 Tape(3480 or*

		3490 Cartridges).
Output File	Magnetic media file to be created.	Enter the file name: **STATREPT**
Computer Manufacturer		Optional (e.g., IBM, HP, etc.).
CR/LF at end of record?	Inserts carriage return/ line feed at end of record.	Enter **Y** or **N**.
Combined Federal/State 1099		Use the default of **'N'.**
Replacement 1099 Code		Use the default.
<u>**Selection Criteria:**</u>		
Location	Range of Location Codes (Primary locations).	To include all locations, leave the first field blank and enter Z's in the second field.
Work Loc	Range of Work Location Codes.	To include all work locations, leave the first field blank and enter Z's in the second field.
State	Used to create Magnetic Media for a particular state.	**KY** thru **KY**

3. Press **ESC** to define the report.

4. Select **X=Employer-Info** from the Ring Menu.

The following screen is displayed:

5. Select **Define** from the Ring Menu.
6. Enter the following fields:

Field Name	Description	Valid Entry
Employer EIN		Required.
Employer NAME		Required.
Employer Address		Required.
State Option		Required. Enter **1** for State ID #1.
Establishment	Establishment number or other identifier.	Optional.
Transmitter EIN	Employer Identification Number	Required.
PIN	Federal Employee Personal Identification Number	Required.
Name and Address	Name and Address of the Employer	Required.

7. Press **ESC** to save the employer information, then select **1scr** to return to the first screen.

8. Select **Contact** from the Ring Menu.

   The following screen is displayed:

9. Select **Define** from the menu.

10. Enter the following fields.

Field Name	Description	Valid Entry
Name	Person to contact if there are problems with the Magnetic Media.	Required.
Phone	Phone number where the contact can be reached.	Required. Enter **1** for State ID #1.

Field Name	Description	Valid Entry
Email	Email address for the contact.	Required.
Fax	Fax number for the school district	Required.
Notification	Preferred Method of Notification	Required.

3. Press **ESC** to save the contact information, then select **1scr** to return to the first screen.
4. Select **Output** to **Spool** the file.

NOTE: MMREF-1 on page 84 and 92, states Form 6559 is no longer to be sent if using the Online Wage Reporting Service (OWRS) or Diskette Filing. Form 6559 is filed only if a tape/cartridge is used for the media filing. See page 94 of MMREF-1 for instructions if using tapes/cartridges.

Completing Form 6559 Transmitter Report

The **Transmitter Report and Summary of the W-2 Magnetic Media - Form 6559**, is submitted with the W-2 Magnetic Media file on the tapes/cartridges. Multiple magnetic media files/diskettes should be labeled appropriately as Vol 1 of 2, Vol 2 of 2.

Information necessary to complete ***Section 11*** of ***Form 6559*** is provided on the ***W-2 Register Reports***. Refer to the section entitled ***Printing W-2 + 1099-R Registers*** for assistance in printing the reports.

The Employer Summary section (Box 11 on the form) must separate regular (FICA & Medicare or No FICA & No Medicare) employees from Medicare Qualified Government Employment (MQGE or Medicare only) employees. In order to obtain such information, two W-2 + 1099-R Registers were printed, one for Medicare only employees and another for all employees. The information from the Medicare only register is entered in one Box 11, and marked with a check in the **MQGE** box. All other employees are tallied in the other Box 11. To obtain the Medicare splits, subtract the report totals from the Medicare only register from the report totals on the register run for all employees. The balance is the information for the regular employees. The example below illustrates this process:

Example of a Transmitter Report and Summary of Magnetic Media Form 6559

Use the W-2 register above to fill in Box 11 of Form 6559. The numbers on the NON-MQGE side of box 11 were calculated by subtracting the MQGE W-2 register from the Total (All Employees) W-2 register.

In the ***Number of Forms W-2*** field, enter the "**Number of Records**" displayed on the screen when the W-2 Registers were created.

FTP the Magnetic Media Files

If you have problems with **ftp**, please contact the KETS Help Desk at 866-538-7435.

ftp the file off the rs6000

At your work-station, select Start
On the window that appears, Select RUN
Type **COMMAND** in the box displayed
Press enter.

On the second window that appears, type **cd temp**
Press enter
Type **ftp (ip address of rs6000)**
For example: ftp 170.123.456.789
Press enter.

From the prompt, type in your MUNIS user name
For example: pboyd
Press enter.
From the prompt, type in your MUNIS password

For example: hepnow

Press enter.

Once you are in the rs6000, type **asci**
Press enter
Type **cd /fms/munis/spooldir**
Press enter
Type **get STATREPT (or whatever name was used)**
Press enter
Type **quit**
Press enter
Type **exit** (a second time)
Press enter.

The file is on the c:\temp\ drive. Copy it to the A: drive if sending a diskette.